



An **Office of Retirement Services** Publication

Connections

March 2005, Vol. 8 No. 1

Our Mission

We deliver pensions, related benefits and services to promote the future financial security of our customers.

Our Vision

Fast, easy access to complete and accurate information and exceptional service.

In this issue

Financial update	1
401(k) or 457 beneficiary	1
Message from the Director	2
Electronic age	2
Pension & holiday schedule	3
Improving service	3
Financial summary FY 2004	4

The funding status of the Judges Retirement System

This issue of *Connections* includes the financial summary of your retirement system for fiscal year 2004. Although 2004 was a volatile year on Wall Street, the retirement system funds were well cared for over the course of the year. The financial summary can be found on page 4.

Because of market volatility, the retirement system invests for the long run in both a responsible and prudent manner. Therefore, investments are made in a broad, diversified group of assets. This strategy helps to limit losses during turbulent times.

As of September 30, 2004, the funded status of the system amounted to 121.3 percent. The higher the percentage, the stronger the pension system. The calculation of this

percentage is explained in detail in the financial section of the 2004 *Comprehensive Annual Financial Report (CAFR)* which can be found at www.michigan.gov/ors.

During fiscal year 2003-2004 the retirement system's net assets increased to \$267.8 million. The major sources of revenue were investment income and contributions. The major expenditures were benefit payments.

As of September 30, 2004, there were 549 retirees and beneficiaries receiving monthly benefits. Approximately 325 active employees were reported during fiscal year 2003-2004. Of these, 285 have fully vested rights to their retirement benefits.

Is your 401(k) or 457 beneficiary current?

If you are one of our many customers who have a 401(k) or 457 account with CitiStreet, remember to keep your beneficiary designation current with CitiStreet.

We have learned that sometimes retirees believe that "one form fits all." That is, if they complete a beneficiary form with one state agency, it covers all of them. This is not true. You may have named a beneficiary for your life insurances and your defined benefit plan; perhaps you have additional compensation due you and have named a beneficiary with your human resource office.

Your CitiStreet account(s) require a CitiStreet beneficiary designation form. You can print the form from CitiStreet's website (<http://stateofmi.csplans.com>) or call the toll-free information line at (800) 748-6128 to ask for a form. If you

want to check your designation, you can see who you have named under the Personal Information section after

logging on to the website.

The only time one form really does fit all is if you have both a 401(k) plan and a 457 plan and want to name the same beneficiary for both accounts.

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From the Director

As part of our ongoing duty to provide you quality services, we are pleased to share with you the current financial report for your retirement system. Your board of directors, the Department of Treasury, and the staff at ORS work in concert to make certain the invested pension funds are healthy, well cared for, and that future pensions are funded correctly.

That care was recognized publicly by the Public Pension Coordinating Council, a consortium of three pension associations, that awarded ORS the 2004 Public Pension Standards Award. This award recognizes high professional standards in plan administration. Achieving those standards takes a persistent commitment to serving our customers with good people using good processes and the appropriate application of new technologies.

I think you would be proud of the creative energy this staff gives to providing you with quality, timely services. The technology solutions we've developed in the last two years have significantly advanced our ability to serve you. In the last *Connections*, we shared with you information about our screen pops that feed

your account information to our desktops before we even pick up your call. In this issue, you'll learn about call monitoring which allows us to train our new staff more effectively.

Applying new technology is especially important in light of the number of retirees entering our system. In the last decade, the Michigan public retirement systems have experienced a steady growth in retirees. Our workload has doubled in the last five years. As the baby boomers enter our system, this number will continue to climb. ORS is committed to serving those new retirees with the same quality of services that you currently experience and we will be expanding our use of technology to achieve that.

ORS continues to seek your feedback on our services. Thanks to everyone who has responded to the regular surveys we send to assess the quality of our services. As always, please contact us if you have questions about your retirement plan.

Chris DeRose
Chris DeRose

The good and the bad in an electronic age



Email is fast and efficient

If you're one of the growing number of people who find email a preferred means of communication, we're with you. You can send off an inquiry any time of day or night without

hunting for a stamp or waiting to be connected.

At our end, we're proud that in most cases we answer your email in a short period of time.

You should know, however, emails are not a secure medium. Anything sent in cyberspace requires care to ensure it remains private.

Last name, last four digits.

While we also view email as fast and efficient, we caution you to provide ORS only enough information as is necessary.

If it's a general question, you don't need to tell us anything other than your return email address so we

can respond. If we need to look up your record to answer your question, we can do it with just your last name and last four digits of your social security number.

Less is best – if we need more, we'll let you know.

Beware of "Phish"

If you're an Internet user, there's a good chance you

See Electronic age on page 3

Pension payments

Pension payments are issued on the 25th of the month. If your EFT is not credited within three days after that date, please call ORS. If your check is delayed, we can reissue it after the seventh of the following month.

Holidays – ORS offices closed

May 30 – Memorial Day

July 4 – Fourth of July Holiday

September 5 – Labor Day

Improving service to you

ORS has taken another step in our vision of *fast, easy access to complete and accurate information and exceptional service*. The introduction of our new customer call evaluation system allows us to record and review your calls for quality and consistency.

When you call our customer service line, a prerecorded voice will let you know that the call may be recorded. Monitoring customer calls will point us to coaching opportunities, efficiencies, and communication needs—and ultimately to the best possible service we can provide you.

To achieve this high quality call level, our customer service representatives and supervisors will review four to six randomly selected calls each month. Different aspects of the calls will be discussed, such as business knowledge, communication skills, and call resolution.

For example, we will look at “best practices” — those calls that achieve that best possible results for our customers. We’ll share the key points of the call with all of our customer service representatives. Supervisors will identify areas where training and mentoring would

be beneficial.

The call monitoring system also tracks the computer screen navigation our customer service representative uses when responding to your needs. This means that

we record the keystrokes and mouse movements made during the call. By capturing and analyzing this, we can ensure that everyone is able to access needed information in an efficient way. This makes our response time to you as quick and accurate as possible.

Another key benefit of recording calls is that we can monitor the types of calls we are receiving. If we can identify and address a trend or change in business and communicate that more clearly to you, it may save you a phone call. And that is perhaps the best customer service of all.

You can rest assured, however, that if your call is recorded, it will remain

completely confidential. We will always be steadfast in maintaining confidentiality of your personal information. Recording calls is only part of our customer service commitment to you.



Our Customer Information Center representatives are ready to serve you with a smile.

Electronic age *continued from page 2*

have received emails from fraudulent sources that are “phishing” for personal information.

Phish emails are disguised to look like legitimate messages from companies we trust. They try to convince us to either reply to the email or to click on a link which takes us to a counterfeit website. They aim to trick us into providing personal or account information.

The people behind them are clever and crafty, and even the pros have trouble telling the good from the bad. A recent study by the anti-spam firm MailFrontier

Inc., showed that nearly one out of three Internet users couldn’t tell the difference between fraudulent and legitimate emails.

Please remember that we may send an email message if you’ve given us your address, but we will never ask for confidential information that would put your privacy at risk.

If you get a suspicious email that might be from ORS but you’re not sure, do not respond and do not follow any link included in the email. Call us first.



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Judges Retirement System

Assets & Liabilities			Revenues & Expenditures		
	<u>FY 2004</u>	<u>FY 2003</u>		<u>FY 2004</u>	<u>FY 2003</u>
<u>Assets</u>			<u>Revenues</u>		
Cash	\$ 2,155,181	\$ 1,141,546	Public Financed and		
Receivables	67,254	782,993	Member Contributions	\$ 2,843,051	\$ 3,004,655
Collateral on Loaned			Net Investment Income	<u>28,818,280</u>	<u>34,560,276</u>
Securities	18,077,376	6,974,336	Total Revenues	\$ 31,661,331	\$ 37,564,931
Investments	<u>265,624,709</u>	<u>252,763,639</u>	<u>Expenditures</u>		
Total Assets	\$ 285,924,520	\$ 261,662,514	Benefit Payments	\$ 17,540,889	\$ 16,728,017
<u>Liabilities</u>			Health, Dental, and		
Accounts Payable			Vision Benefits	576,043	564,801
and Other Liabilities	50,073	157,536	Transfers and Refunds	67,792	1,074
Obligations Under			Admin. Expenses	<u>210,178</u>	<u>500,590</u>
Securities Lending	<u>18,077,376</u>	<u>6,974,336</u>	Total Expenditures	\$ 18,394,902	\$ 17,794,482
Total Liabilities	\$ 18,127,449	\$ 7,131,872	Beginning Year Net Assets	\$ 254,530,642	\$ 234,760,193
Net Assets	\$ 267,797,071	\$ 254,530,642	End of Year Net Assets	\$ 267,797,071	\$ 254,530,642

Investments & Earnings

	<u>Market Value*</u>	<u>Percent of Total Market Value</u>	<u>Net Investment Income **</u>
Fixed Income Pools	\$ 53,559,367	20.0%	\$ 1,836,807
Equity Pools	128,971,485	48.7%	15,452,752
Real Estate Pool	26,141,157	9.8%	2,152,654
Alternative Investment Pool	25,002,751	9.4%	5,352,976
International Equities Pool	25,392,430	9.6%	4,140,876
Short Term Investments Pool	6,557,519	2.5%	209,592
Securities Lending Income			193,922
Investment Expenses			(521,299)
Total Assets & Net Investment Income	\$ 265,624,709	100.0%	\$ 28,818,280

* Market value excludes \$2,155,181 in equity in common cash and \$18,077,376 in cash collateral for 2004.

** Total investment and interest income excludes net security lending income of \$21,180 for fiscal year 2004.

Note: The complete 2004 Comprehensive Annual Financial Report from which this summary was derived is available on our website at www.michigan.gov/ors. If you are unable to download it from the Internet, you can email the Office of Retirement Services at ORSCustomerService@michigan.gov or call us at (800) 381-5111 to request a copy.